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UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF CALIFORNIA

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

vs.

PLUS MONEY, INC, and MATTHEW LA MADRID

Defendants,

and

THE PREMIUM RETURN FUND LIMITED-LIABILITY LIMITED PARTNERSHIP, THE PREMIUM RETURN FUND II LIMITED-LIABILITY LIMITED PARTNERSHIP, THE PREMIUM RETURN FUND III LIMITED-LIABILITY LIMITED PARTNERSHIP, RETURN FUND, LLC, RETURN FUND II, LLC, RETURN FUND III, LLC, RETURN FUND IV, LLC, RETURN FUND V, LLC, RETURN FUND VI, LLC, PALLADIUM HOLDING COMPANY, and DONALD LOPEZ,

Relief Defendants.

Case No. 3:08 CV-0764 BEN (NLS)

SUPPLEMENTAL DECLARATION OF PETER F. DEL GRECO IN SUPPORT OF PLAINTIFF SECURITIES AND EXCHANGE COMMISSION'S *EX PARTE* APPLICATION FOR TEMPORARY RESTRAINING ORDER (1) FREEZING ASSETS; (2) APPOINTING A TEMPORARY RECEIVER; (3) REQUIRING ACCOUNTINGS; (4) PROHIBITING THE DESTRUCTION OF DOCUMENTS; (5) GRANTING EXPEDITED DISCOVERY; AND ORDER TO SHOW CAUSE RE PRELIMINARY INJUNCTION AND APPOINTMENT OF A PERMANENT RECEIVER

I, Peter F. Del Greco, pursuant to 28 U.S.C. § 1746, declare as follows:

1. I am an attorney admitted to practice law by the State Bar of California and by this Court. My California Bar Number is 164925. I am an Enforcement Staff Attorney with Plaintiff Securities and Exchange Commission ("Commission"). My office is located in the Commission's Los Angeles Regional Office, and my address and telephone number are 5670 Wilshire Boulevard, 11th Floor, Los Angeles, California 90036, Telephone – (323) 965-3892. I make this supplemental declaration in support of the Commission's *Ex Parte* Application for Temporary Restraining Order (1) Freezing Assets; (2) Appointing a Temporary Receiver; (3) Requiring Accountings; (4) Prohibiting the Destruction of Documents; (5) Granting Expedited Discovery; and Order to Show Cause Re Preliminary Injunction and Appointment of a Permanent Receiver the "*Ex Parte* Application"). I have personal knowledge of each of the matters set forth below. I am an attorney of record for the Commission in this matter.

2. On April 28, 2008, the Commission filed its *Ex Parte* Application and supporting evidence with this Court.

3. By this supplemental declaration, the Commission, through its attorney, acts pursuant to Rule 65(b)(1) of the Federal Rules of Civil Procedure, which requires that "the movant's attorney certifies in writing any efforts made to give notice and the reasons why it should not be required", and Local Rule 83.3(h)(2) of the Local Rules for the Southern District of California, which requires that a party making an ex parte application must provide notice unless "it appears by affidavit or declaration . . . that for reasons specified the party should not be required to inform the opposing party or the opposing party's attorney."

4. The Commission did not provide advance notice, and made no effort to provide advance notice, to any of the defendants or relief defendants, or their counsel, named in the Commission's underlying Complaint or subject to the relief sought by the Commission pursuant to its *Ex Parte* Application. The Commission is unaware of any counsel representing or claiming to represent any of the defendants or relief defendants in this matter. Indeed, as set forth in the Declaration of Marc Blau ("Blau Dec.") that was filed concurrently with the Ex Parte Application, on April 9, 2008 I sent a written request for documents and other information to

defendant Plus Money care of defendant La Madrid, and have never received a response from either defendant or from anyone claiming to represent them. (See Blau Dec., ¶ 19, Ex. 44.)

5. It is clear from the evidence submitted in support of the Ex Parte Application that immediate and irreparable loss will result unless the Ex Parte Application is heard without advance notice to the defendants and relief defendants. The justifications for waiver of the notice requirement are threefold. First, the fraudulent scheme is ongoing, as the defendants continue to deceive investors as to the true nature and current status of their investments. As detailed in Section II(C) of the Memorandum of Points and Authorities in support of the Ex Parte Application ("Memorandum") and in paragraphs 30 through 32 of the Complaint, the defendants continue to provide investors with e-mails containing false statements about the safety of their investment and the reasons for their failure to make monthly profit payments. Second, it is important that the misappropriated investor funds be frozen before the defendants and/or relief defendants have the opportunity to secrete or further dissipate them, so that they are preserved for the benefit of the defrauded investors. As detailed in Section II(D) of the Memorandum and paragraphs 26 through 29 of the Complaint, the defendants transferred at least $7.6 million of investor funds to relief defendants Palladium Holding Company and Don Lopez, who immediately began to dissipate those funds by transferring millions to numerous entities controlled by relief defendant Lopez and by engaging in a series of short-sale transactions involving Treasury bonds. Third, there is reason to believe that relief defendant Palladium is about to withdraw the misappropriated investor funds. Today, April 30, 2008, the Commission was in communication with representatives of Legent Clearing, the clearing agent for EKN Financial Services, Inc., about Palladium's account at EKN. Legent Clearing informed us that Palladium appears to be preparing to withdraw the money from its account at EKN today or tomorrow because, for the first time since November 2007, the account is in an all cash position

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and the last of their bond trades will settle today. For all of these reasons, these assets are at risk of further dissipation by the defendants and relief defendants unless emergency relief is granted without notice.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed this 30th day of April 2008 in Los Angeles, California.

Peter Del Greco

Peter F. Del Greco